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DEFENSE PROGRAM REVIEW COMMITTEE

August 17, 1973

Time and Place: 3:11 p.m. - 4:09 p.m., White House Situation Room

Subject: General Purpose Force Modernization

Participants:

Chairman	Henry A. Kissinger	OMB	Roy Ash Ellis Veatch
State	William Porter Seymour Weiss Leslie Brown	ACDA	Dr. Fred Ikle Col. Robert Behr
Defense	William Clements Robert C. Hill John Ahearne	Treasury NSC	William Morrell B/Gen. Brent Scowcroft Philip Odeen John Knubel Jeanne Davis James Barnum
JCS	Adm. Thomas H. Moorer		
CIA	William Colby Bruce Clarke		

SUMMARY OF CONCLUSIONS

OSD, NAVY, DOS, JCS reviews completed

It was agreed that:

...a small group will meet shortly after Mr. Kissinger's return from San Clemente for consideration of contingencies in the 1980's and to lay the basis for an analysis of our force level projections based upon these considerations.

ON-FILE NSC RELEASE  
INSTRUCTIONS APPLY

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Mr. Clements: We have a cable from our Ambassador saying the Saudis are asking to cancel the naval contract.

Mr. Kissinger: Why?

Mr. Clements: They claim that the time frame and the amount of money involved constituted a signal that we didn't want to do it.

Mr. Kissinger: Can't we explain it to them in confidence?

Mr. Clements: We need better representation there. I'm not talking about the Ambassador. We just need better people all around.

Mr. Porter: Draft a cable and we'll send it.

Mr. Kissinger: How did the delay happen?

Mr. Clements: It didn't just happen.

Mr. Porter: It's hard to tell. Don't believe everything the Saudis say.

Mr. Kissinger: Where was the delay? It wasn't here, was it?

Mr. Clements: The delay was getting the force into being -- getting the ships there. We're not complaining.

Mr. Porter: You guys sat on that (referring to Defense).

Adm. Moorer: Let's go talk to them and find out what their problem is. Tell them we will take actions to meet their objectives. I think they are trying to tell us something that doesn't have a thing to do with these ships.

Mr. Porter: That may be so.

Mr. Clements: We need to establish some relationship with them.

Mr. Kissinger: Or try to deliver on our contract--one or the other.

Adm. Moorer: There is nothing due for delivery yet.

Mr. Kissinger: Are you waiting for a ship that plays the national anthem when it turns to the left?

Adm. Moorer: We need something that plays the national anthem!

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Mr. Clements: You (referring to Mr. Kissinger) walked in at the wrong time.

Mr. Kissinger: Let's get on to the subject of the DPRC. It would be helpful to have a briefing from Defense.

Mr. Clements: (Referring to Mr. Ahearne) John has some charts to show you as a starting point. (Charts attached at Tab A.)

Mr. Ahearne: These are projections of force levels. The first chart that you have shows the total amount of dollars estimated to be available to the DOD. If the large blob on the top for Southeast Asia war costs is subtracted, you can get an idea of our force planning. As you will note, DOD funding is roughly constant if you subtract what the Congress may be expected to cut out.

Mr. Clements: Is manpower included?

Mr. Ahearne: That shows up on the second chart. After 1974, it doesn't take much more of the defense budget. That's assuming the all-volunteer force works.

Mr. Kissinger: And if it does not?

Mr. Clements: We haven't considered that.

Mr. Kissinger: What are the cost implications if it doesn't work?

Mr. Clements: This is highly problematical. What do you do about pay scales? It opens a whole Pandora's Box of questions. It's a helluva problem. But I am not prepared to talk about this today. The costs are reasonably comparable with the civilian sector, but if we have to start over, it will be a tremendous problem.

Mr. Kissinger: The alternative to AVF is the draft, isn't it, unless you start impressing people on the street. Aren't the manpower costs of the draft the same or less?

Mr. Clements: I'm not sure that's right.

Mr. Kissinger: Why does the draft cost more?

Mr. Clements: Not more, the same.

Mr. Kissinger: If it's the same, the percentage will not go higher?

Adm. Moorer: It won't, at present pay and force levels.

Mr. Kissinger: If it hasn't increased, why the jump from 45% to 60%?

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Mr. Weiss: How does the 44% compare to 1964?

Mr. Kissinger: What was it in 1961?

Mr. Odeen: It is about the same level as in 1961; there has not been much change.

Mr. Kissinger: What is the Soviet manpower cost percentage?

Adm. Moorer: Somewhere between 26/<sup>and</sup>30 %. About 70 % plus of their budget goes for hardware; ours is about 40 percent.

Mr. Weiss: The cultural lag!

Mr. Clements: Our manpower costs are twice as much as theirs.

Mr. Odeen: Manpower costs cover more than military pay. It includes training and a lot of civilian pay.

Adm. Moorer: Our retirement costs are figured in there. Defense is the only place in the Government where retirement pay is figured in the yearly budget.

Mr. Ash: Could we shift it to the Veterans Administration? I want to keep it in the proper committee.

Mr. Ahearne: If you accept a constant manpower cost, the money available for non-manpower purposes will be roughly constant.

Mr. Kissinger: Am I to assume that our purchasing power will decline infinitely?

Mr. Ahearne: All these figures are in constant dollars. In the remaining charts we have addressed specific weapons systems. You will notice that the first one on general purpose nuclear subs.....

Mr. Kissinger: What do we use attack subs for? To interdict the sea lanes?

Adm. Moorer: They attack other subs.

Mr. Clements: All kinds of things. They are the best sub defense we have.

Mr. Kissinger: Why is the increase in attack subs so dramatic?

Adm. Moorer: It isn't--it's actually reduced. We now have 105 subs, both nuclear and diesel.

Mr. Kissinger: And these are all nuclear?

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Adm. Moorer: Yes, we've reduced by 15. We're replacing diesels with nuclears.

Mr. Ahearne: (Turning to the carrier charts) The dotted line shows our carrier force. Two carriers are currently under construction. A third will be ready in 1978. We will be in trouble in 1987 when we will have 12 carriers that are over-age. It takes 5-7 years to build one carrier and there aren't many shipyards that can build one.

Mr. Weiss: In thirty years carriers will be that much more expensive.

Adm. Moorer: We figure 30 years for submarines, 25 for surface ships.

Mr. Clements: The problem is that as the carriers age, they are not very efficient. Their systems get to a state of obsolescence.

Mr. Kissinger: I don't understand this down-turn in carriers. Will this happen unless we reach decisions soon?

Mr. Ahearne: We will have to reduce the force level or keep them for over 30 years.

Adm. Moorer: During the Eisenhower Administration we built a large number of carriers very fast. We retire them when they get to be 30 years old.

Mr. Kissinger: When do these decisions have to be made?

Mr. Clements: The lead time on a carrier is seven years.

Adm. Moorer: Counting the budget process, contracting and construction.

Mr. Clements: Right now we are under pressure to build more carriers. We have to look seven or eight years ahead.

Mr. Kissinger: Are we planning to do this?

Mr. Clements: That's a subject of considerable discussion. We haven't decided yet.

Mr. Kissinger: It will be decided on what basis?

Mr. Clements: There are a lot of unanswered questions: strategy, mission, force structure. We can't decide it now. But when we start buying carriers we had better have something in mind.

Mr. Kissinger: As a veteran of the Middle Eastern and other crises I want to make sure the decision is not made on the basis of surface considerations. We

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need an analysis of our strategy. If we hadn't had our carriers in the Middle East and Vietnam we would have been in a helluva position. In 1988 maybe we will need more but smaller carriers. Before we decide on a turn-down in carriers, we need some analysis.

Mr. Clements: (to Mr. Kissinger) Do you want to be a part of that consideration?

Mr. Kissinger: I want to take part in consideration of contingencies in the 1980s. State should, too. Whether we have 8, 10, 12 or 15 carriers could be an important consideration in what the President can do in the 1980s. If we decide our carriers in the Mediterranean couldn't survive in the '80s, that's a different situation. That part of the decision I want to get a look at.

Adm. Moorer: We have to start with our military objectives. What are our tasks? That's what dictates our force levels. Then we have two choices: if we reduce our force levels, we have to reduce our commitments or increase the risks. If we can't meet our commitments, we have to raise force levels. The levels are driven by what we expect the forces to do. Some people just don't understand that.

Mr. Kissinger: That's the point I'm making. We have to get a little group together to look at the conceivable contingency situations in the late '80s. (to General Scowcroft) See that we get that done. Jim Schlesinger agrees.

Mr. Clements: Admiral Moorer and I agree.

Adm. Moorer: We have our basic NATO commitments and the latest NSDM on the Far East (NSDM 230). That's a basis for addressing additional contingencies. Assuming we maintain our NATO commitment, that anchors part of our force.

Mr. Clements: Some of the concepts in DOD as to how the threat might be met are still evolving. We don't want to get locked in.

Adm. Moorer: Primarily because of changes on the other side.

Mr. Clements: We should have complete flexibility on how we approach the problem.

Mr. Kissinger: On the projection of the construction budget, will we be funding carriers?

Mr. Ahearne: We have two under construction, and one in 1978.

Mr. Kissinger: And there will be a down-turn under present construction plans?

Adm. Moorer: Yes.

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Mr. Kissinger: We would have to increase if we want to keep 12 carriers?

Mr. Clements: Yes.

Mr. Kissinger: The dotted line (on the carrier chart) shows what will happen on current projection?

Adm. Moorer: The top dotted line.

Mr. Ahearne: (Referring to the Active Escorts ASW and AAW chart) On escorts we have a sharp drop leading into 1974, then the FYDP starts rising.

Mr. Kissinger: But without procurement, that's not likely.

Mr. Ahearne: That's right.

Adm. Moorer: We made a deliberate decision to sacrifice quantity for quality. That's the reason for the abrupt drop. We deactivated ships to get the money for modernization.

Mr. Clements: The drop is 43% in the actual number of ships. We've reduced numbers but increased quality. There's a real efficiency factor but, of course, we can't prove that one F-14 equals three or four F-4s.

Mr. Kissinger: You can't have one F-14 in four different places.

Adm. Moorer: Yes. And we have to observe what the other side is doing.

Mr. Weiss: In the last two years we have had to decommit some category A ships to NATO. Will we have to in next year's budget?

Adm. Moorer: If we're down to 12 carriers we can't maintain our current deployment levels without home-porting.

Mr. Weiss: If we could get that information sooner rather than later, it would help.

Adm. Moorer: We don't know what the Congress will do. If they reduce personnel we will have to reduce forces.

Mr. Clements: In our commitment to NATO, the quality factor was considered a plus. They were counting surface units--old destroyers, for instance. We'll let you know.

Mr. Porter: Have you decided on your home-porting requirements?

Mr. Clements: No.

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Mr. Weiss: (to Mr. Clements) You still owe us some judgments on Greece.

Mr. Clements: I didn't know that.

Adm. Moorer: Secretary Rogers owes something to Senator Fulbright.

Mr. Hill: (to Mr. Clements) We just got that.

Mr. Clements: We want home-porting.

Mr. Kissinger: Is that why you won't answer?

Mr. Clements: There's no question in the Pentagon about this. We need to get together. (to Mr. Porter) I'll get something to you.

Mr. Kissinger: The DPRC promotes togetherness.

Mr. Ahearne: (referring to the Support Ships chart). We see somewhat less demand for support ships for deployed forces.

Mr. Kissinger: If we don't have some real improvement, our Navy is going under.

Adm. Moorer: That's absolutely right.

Mr. Ahearne: (referring to the aircraft charts) When the Air Force planes get older, they tend to put them in the reserves. So the FYDP line and the procurement line are relatively close. The Navy and Marine aircraft are under greater strain, and after 12 years the line drops steeply. This is partly related to the negotiations that were underway when the budget was submitted.

Mr. Kissinger: Why?

Mr. Clements: We were having the big fight with Grumman. The F-14 is shown at 135 on the curve. As we move forward in the out year, the full number is not now in the budget. It would have a significant impact if we were talking about 400 planes.

Mr. Odeen: You mean the money for 400 planes is not in here?

Mr. Clements: No. Congress is aware that modernization of the Navy fighter program must be addressed, but we're having a helluva fight with Grumman.

Mr. Kissinger: The only available plane for modernization is the F-14?

Mr. Clements: At the moment. We're trying to improve that. We're trying to get to a total of 700.



Mr. Ash: We're back to the same situation we were in with the carriers. We have to reduce elsewhere.

Mr. Kissinger: We have two choices: to take from existing forces or increase the budget. Since our forces are dropping, would you say our budget is inadequate?

Mr. Clements: Yes.

Mr. Ash: The FYPD doesn't build in any adjustment in the numbers to reflect greater performance. Where we have fewer numbers showing in the out years, if we adjust for equivalent performance, it would not be exactly as the charts show.

Mr. Clements: It would not be as dramatic.

Mr. Ash: If we could draw performance capability lines, the gap between the lines might close.

Mr. Clements: Conceivably, but this relates to plans, contingencies, force levels. My judgment is that the capability curve would not come up to the FYDP level.

Adm. Moorer: We also have to consider the improved quality of the other side.

Mr. Clements: With regard to Trident, the Russians have their first Delta boat in operation. They have 4 in the water and 11 in the program. There are 16 new Russians subs while we argue whether or not to continue the first Trident on the 1978 schedule. That's damn serious.

Mr. Kissinger: I have an uneasy feeling our technology rather than our strategy is driving our weapons development. Every service is building bigger or more complex systems. Their missions are invented by what the technology makes possible.

Mr. Clements: In part, you're right. But our industrial base and our society is one of high technology. The tendency is to get less man-power and more technology.

Mr. Kissinger: Over Vietnam 60% of our missions were either diverted or scrubbed. Our planes must have been designed for fighting over the desert at 40,000 feet. And the weather in Europe is not much better than in Vietnam. We have designed a plan for nuclear war, but we don't have any doctrine for tactical nuclear war. And we would have to adapt it for conventional war. We have substituted masses of materiel for thought.

Mr. Clements: One of the best services we could perform would be to start thinking about what the hell we are trying to do.

Mr. Kissinger: (to Mr. Clements) I'll call you and Tom (Moorer) to see how we can do this without getting into your area.

Adm. Moorer: There was nothing wrong with our airplanes. We got 300-400 planes over Hanoi and out again in 30 minutes. But you wanted weapons that could home on a weapon or a truck, while the rules of engagement limited us to targets outside the city limits. The difficulty was in the area of weaponry, not in aircraft.

Mr. Kissinger: That could be.

Adm. Moorer: I was on the mock-up board for the F-4 in 1955. No one then thought of it as a bomber, but it turned out to be a pretty good bomber. When we build a plane, we don't always know how it will be used. Cost means what it costs to place a weapon on a target. On Trident, it's the cost of the missiles, not the cost of the ship.

Mr. Kissinger: My remarks were not addressed to Trident. I have no opinion one way or the other. But we can't substitute resources for thought. We need a conceptual base. We have to know our likely targets and mode. If we had had a stand-off missile with a 300 mile range in Vietnam, we might have done more good.

Adm. Moorer: Not necessarily.

Mr. Kissinger: But it wasn't ever really considered. The F-4 turned out to be a pretty good airplane for a purpose for which it was not designed.

Mr. Clements: Versatility is a great virtue.

Mr. Colby: These curves are pushing us toward an agreed reduction of forces on both sides. There are other kinds of confrontation.

Mr. Kissinger: Like what?

Mr. Colby: Buying them off. Subversion.

Mr. Kissinger: I see no one is commenting.

Mr. Ahearne: On the fighter attack aircraft cost trend chart, the cost increases for the 100th unit are a function of time.

Mr. Ash: These data deal with front end R&D in the same way. The contracts could be different.

Mr. Ahearne: These are actual production costs. The R&D cost is not in here.

Mr. Kissinger: (referring to chart) What does CAIG mean?

Mr. Ahearne: Cost Analysis Improvement Group.

Mr. Odeen: This is estimated as opposed to the official projection.

Mr. Ash: Each is treated the same even if it is bought under a different contract.

Dr. Ikle: Are the F-14s worth it?

Mr. Ahearne: It depends on what you mean by "worth it".

Mr. Ash: We could always go back to the P-38.

Adm. Moorer: The first squadron I reported to had an airplane called an F-4--a Boeing plane. One of today's F-4 weighs more and costs more than all 18 planes in that squadron. And it can fly faster straight up than my first airplane could fly straight down.

Mr. Kissinger: And what is the lesson?

Adm. Moorer: If you want performance you have to pay for it.

Mr. Ahearne: On the helicopter chart, there is a gap between what the Army wants and those under 10 years old.

Mr. Weiss: Suppose we met the FYDP level? What amount of increase are we talking about?

Mr. Ahearne: \$2 1/2 billion a year for procurement including support items.

Mr. Clements: In making these evaluations it was agreed that some concepts of weapons systems will change.

Mr. Kissinger: When we understand what we are talking about, we will have to get the President involved. Where does that leave us?

Mr. Clements: We're talking about the budget we're going with now. We're comfortable with it. We've cut the cloth to fit the pattern. Until your questions are answered, we wouldn't suggest any major changes.

Mr. Kissinger: You have fewer units, but you haven't shown what that does to the Army, for example. What about tanks?

Mr. Ahearne: There's not much problem there.

Mr. Kissinger: What is the impact of the reductions in the Navy on our flexibility?

Adm. Moorer: They bring into question our ability to support NATO. If we're fighting in NATO, we're fighting the Russians, and we would be fighting in the Pacific as much as in the Atlantic. We would be limited in the sea areas that could be covered. Also, we would have the energy problem. In 1980, we will have a super-tanker at sea every 50 miles. That gives the Soviets a chance to go for the jugular.

Mr. Porter: And another line going to Japan.

Adm. Moorer: Three subs could beat Japan.

Mr. Clements: What should the Japanese be doing for themselves? How much responsibility should they take and how far out?

Mr. Kissinger: We'll be lucky if they don't push out 10,000 miles.

Adm. Moorer: That's right.

Mr. Kissinger: We'll have a meeting on this the first week I'm back.

Mr. Porter: How soon will we know the effect of the recruiting shortfall on our overseas units--in Korea, for example?

Mr. Clements: These shortfalls are not as serious as the newspapers are making them out to be. The Army is the only service that's really affected. We will be plus or minus 15,000 when we finish the fiscal year. I think the all-volunteer force will work. There will be some pains and some soft spots and it will take a different mentality.

Mr. Kissinger: What will be the percentage of blacks?

Mr. Clements: Around 20%.

Adm. Moorer: It's around 18% now. I've been up on the Hill eleven times on this budget. It would be suicide to tell them we now want to change the FY74 budget. The first time we can do anything is in FY75.

Mr. Ash: If then. The situation is not wide open.

Mr. Kissinger: The President will fight for his '74 budget and will ask for more in '75.

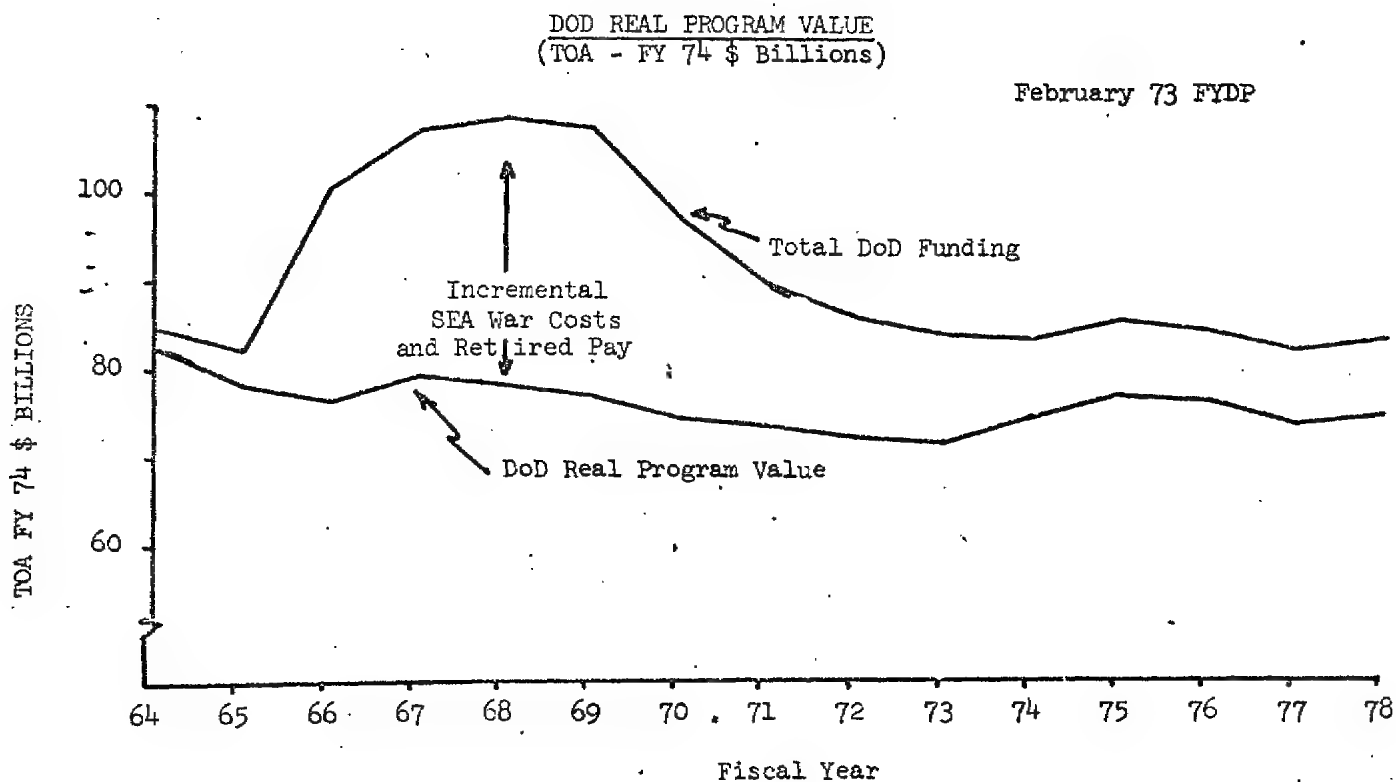
Mr. Ash: That's agreed.

Mr. Clements: Roy Ash has conveyed that to us.

Mr. Kissinger: We have to do what is right.

Mr. Ash: The budget strategy is simple. We need to provide the rationale to the Congress to get the highest possible figure.

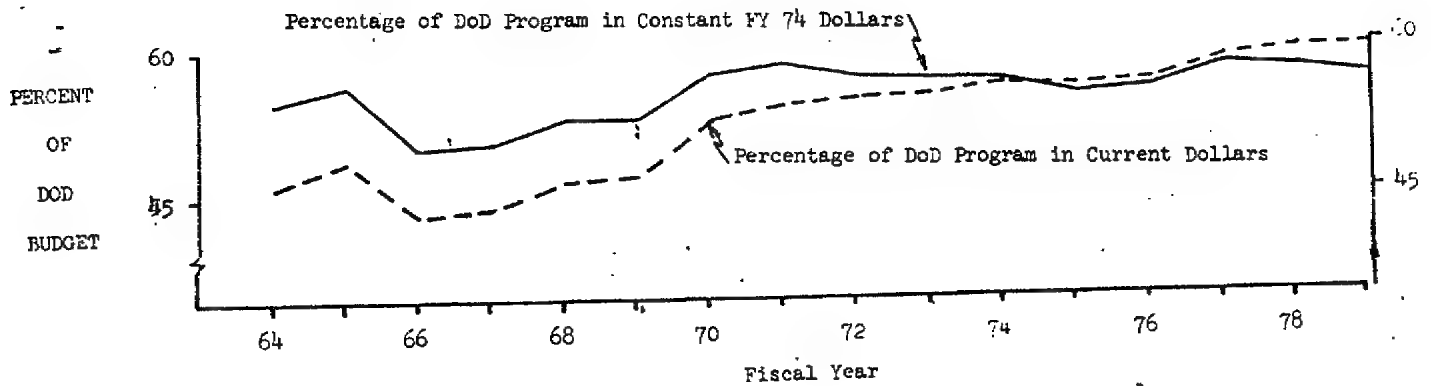
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DOD MANPOWER AND RELATED COSTS AS A PERCENT OF DOD TOTAL PROGRAM COSTS

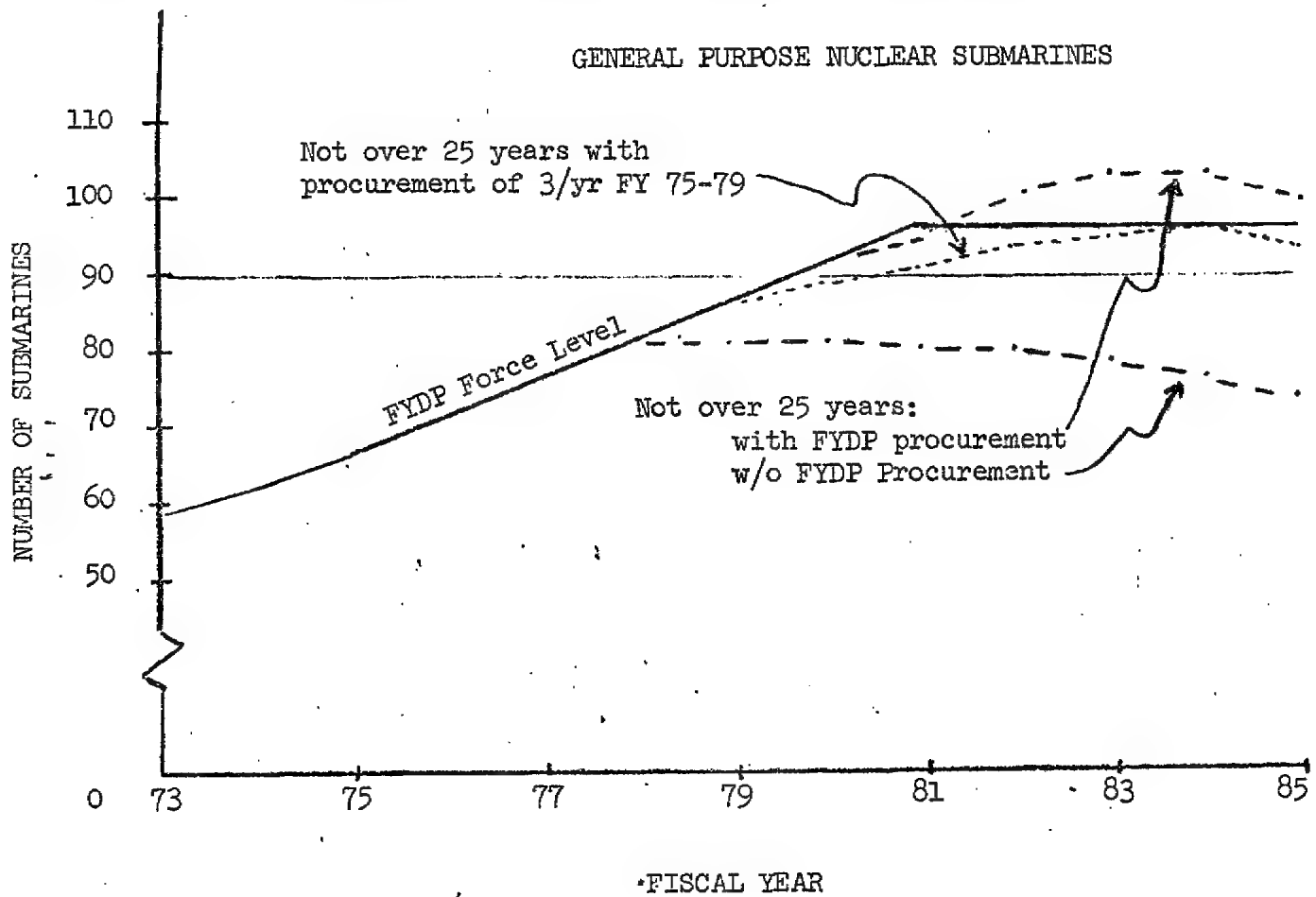


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### GENERAL PURPOSE NUCLEAR SUBMARINES

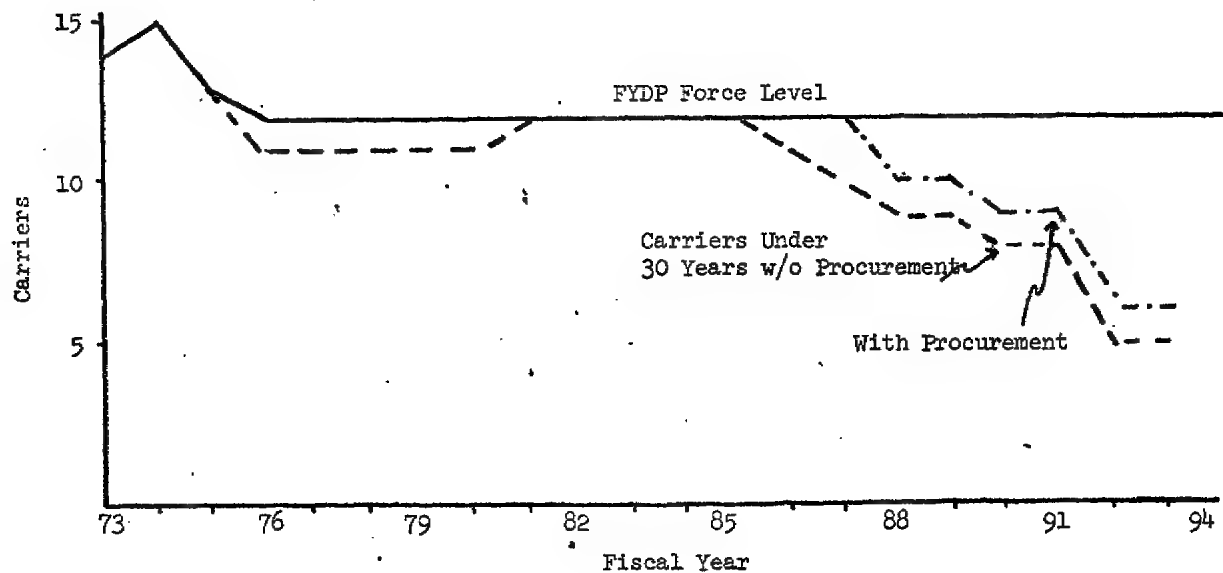


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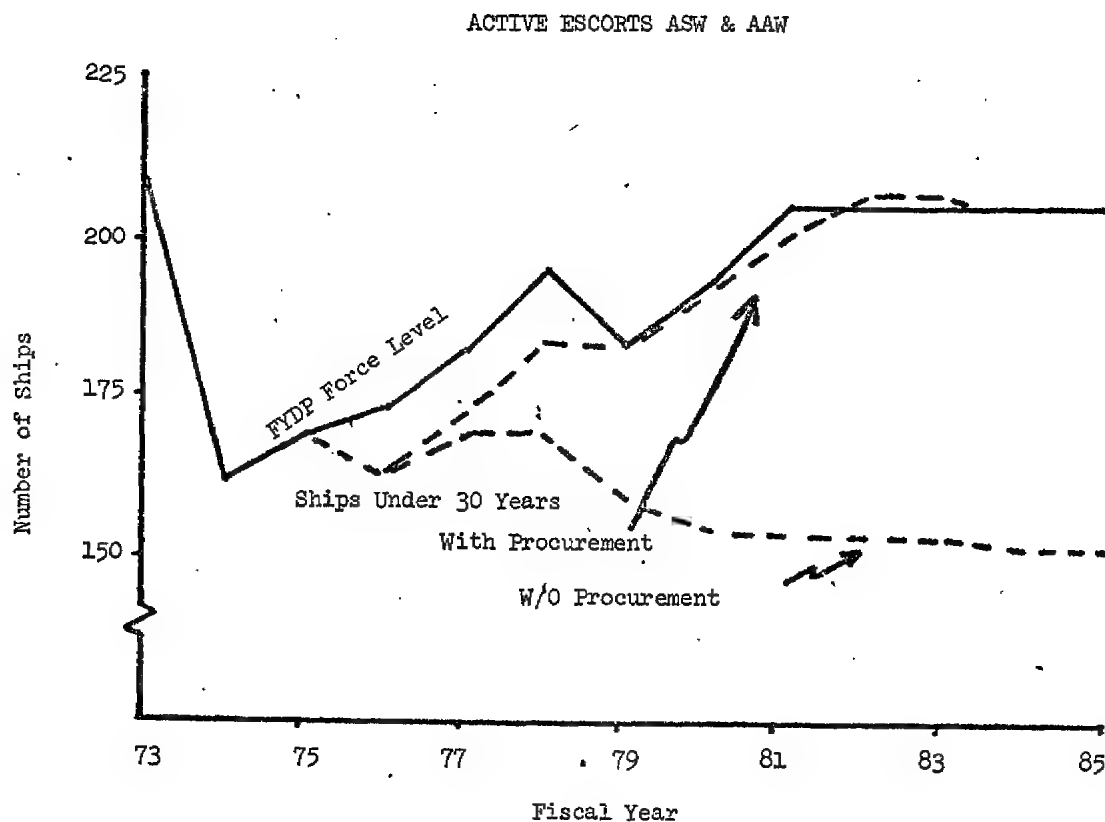
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ATTACK - MULTIMISSION CARRIERS



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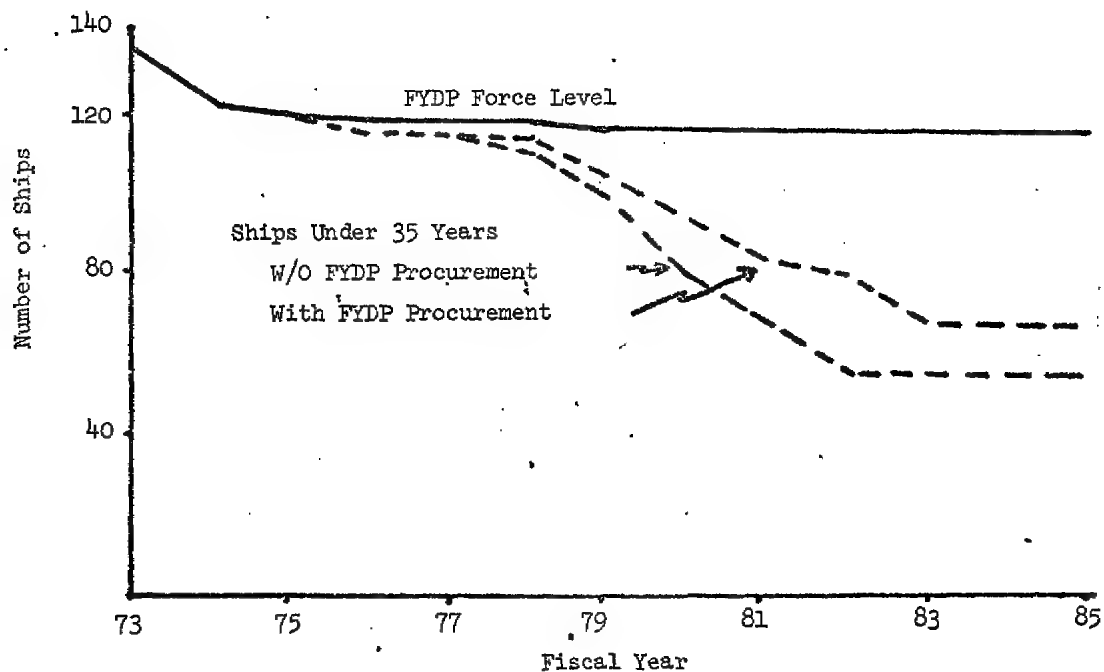
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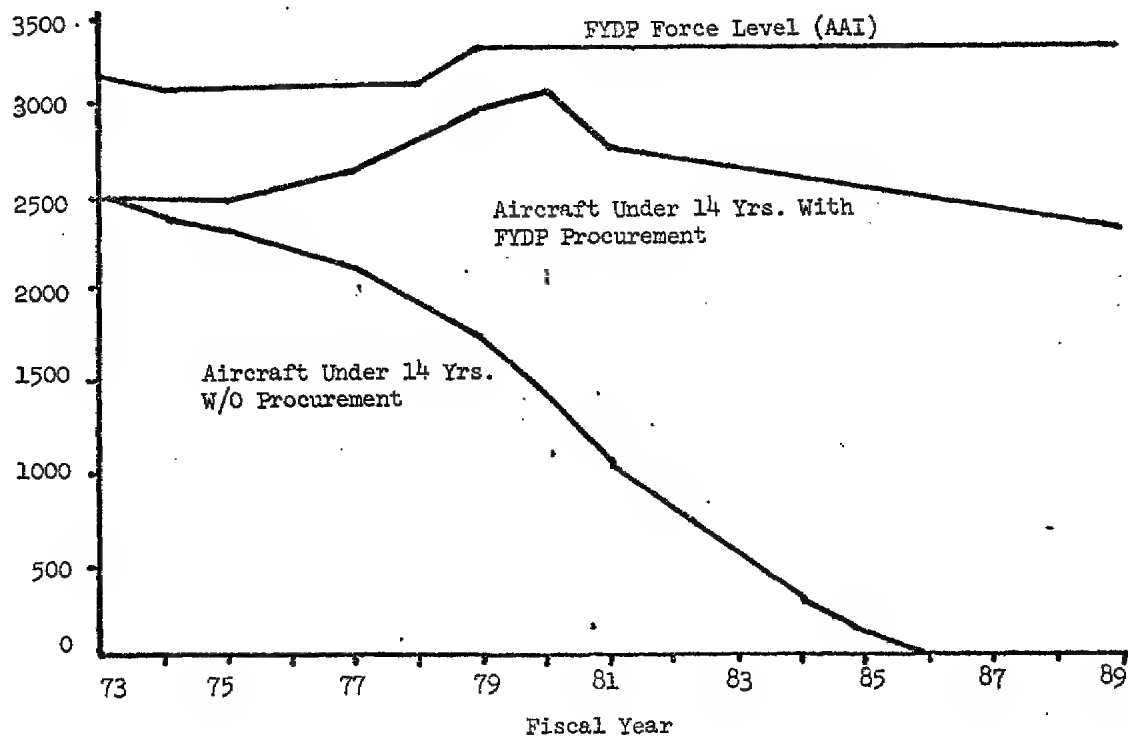
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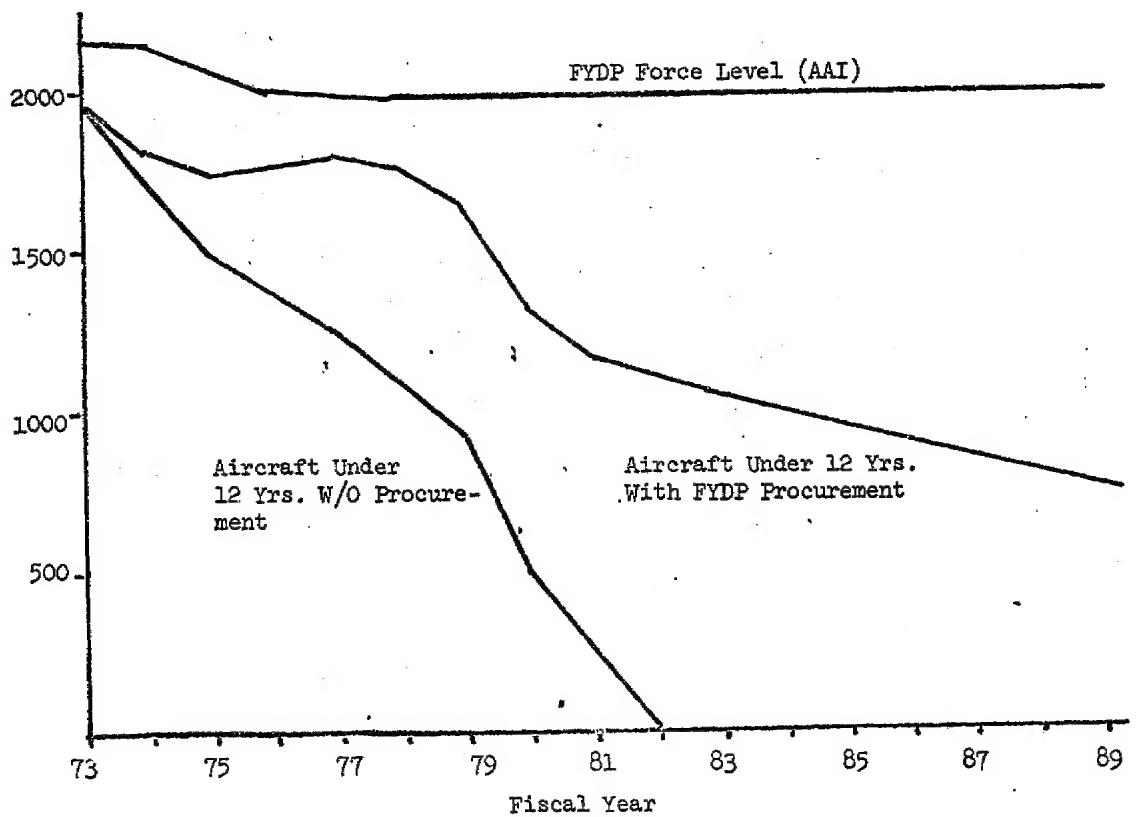
AIR FORCE FIGHTER/ATTACK



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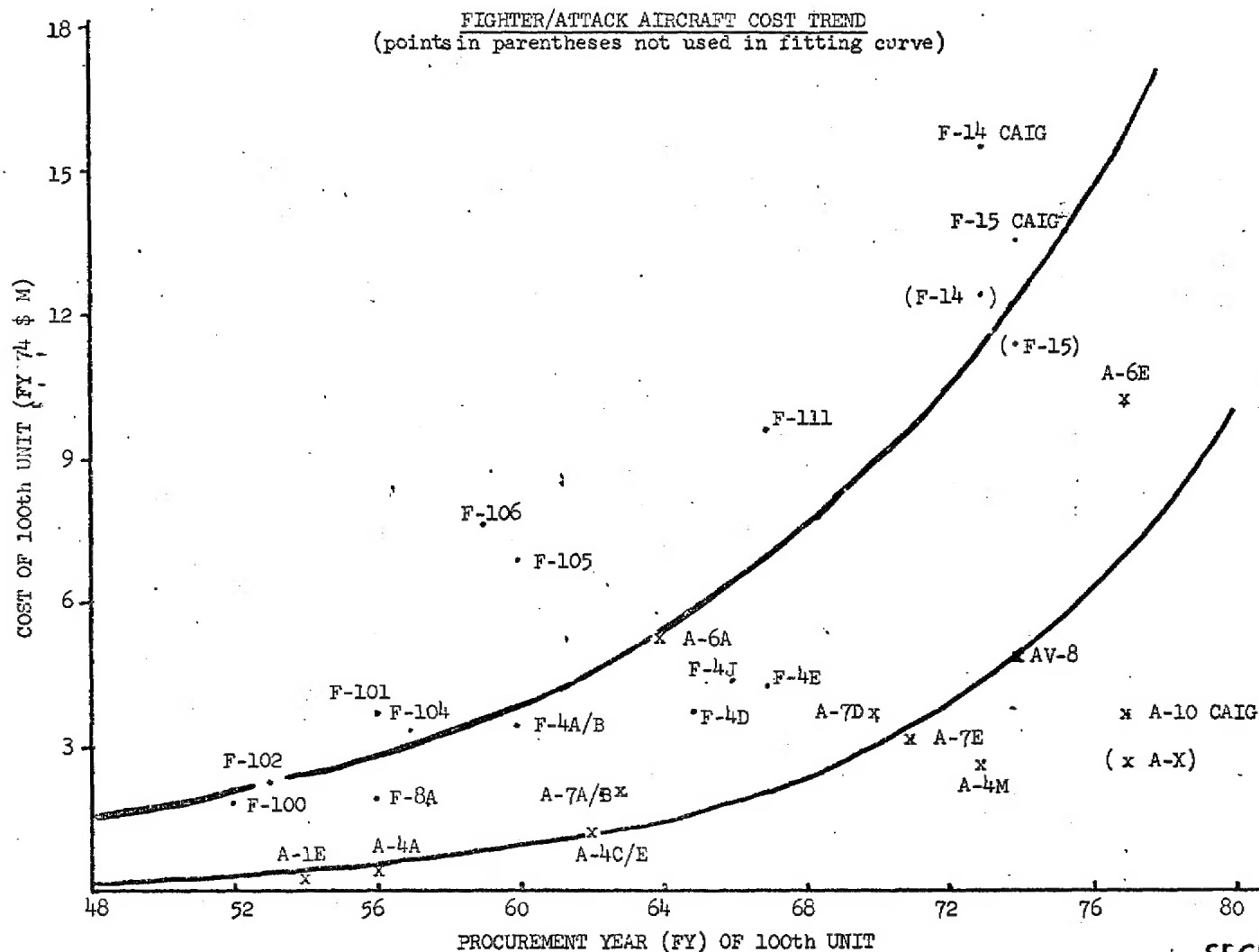
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NAVY/MARINE FIGHTER/ATTACK AIRCRAFT



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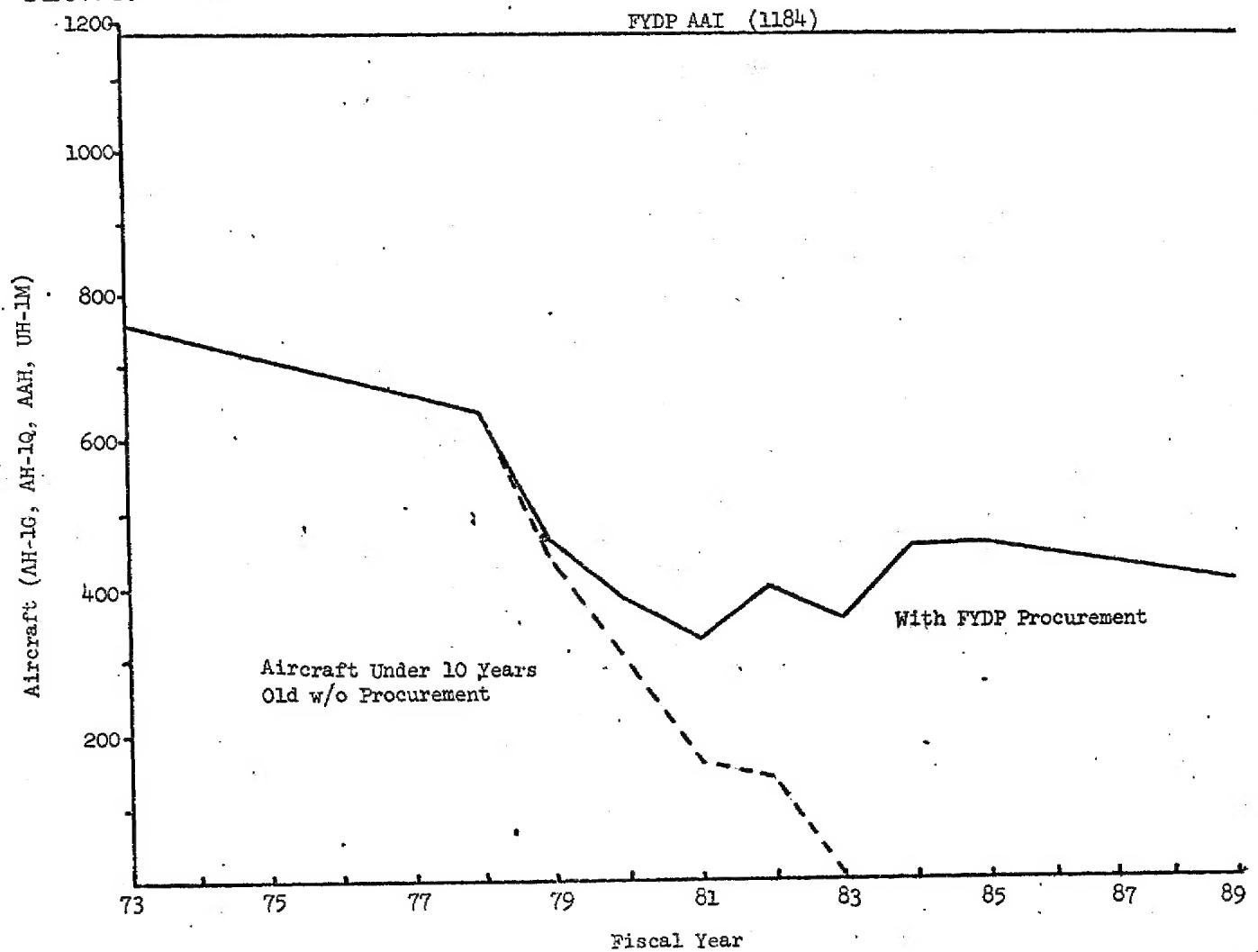
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Impacts of Trend Toward More Expensive Systems

1. Increase in DoD budget
2. Increase average age of systems
3. Decrease force levels

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